

**MEMORANDUM OF UNDERSTANDING
TO STRENGTHEN THE UNITED STATES–PERU
DIGITAL FREEDOM INITIATIVE (DFI)**

The Government of the United States of America and the Government of the Republic of Peru state their understanding concerning the United States-Peru Digital Freedom Initiative (DFI).

This Memorandum of Understanding does not impose legally binding obligations on either government, nor does it involve financial commitments or subsidies of any kind by either government.

WHEREAS:

In 2003, at the Eleventh APEC [Asia Pacific Economic Cooperation] Economic Leaders Meeting, held in Bangkok, the Government of the United States of America invited the Government of Peru to participate in the Digital Freedom Initiative (DFI), the main objective of which is to promote economic growth through the transfer of commercial applications of information and communication technology (ICT) on mutually agreed terms to benefit small businesses in developing countries;

The United States Government began implementation of the DFI strategy for Peru in 2003; several projects remain ongoing. The strategy for Peru, as elsewhere under DFI, is one that promotes a close partnership with the local business community as well as with Peruvian Government policy makers. This partnership seeks to adapt ICT to address the special problems of micro, small and medium enterprises in Peru, and also

seeks to transform and enhance Peruvian national policies and infrastructure to make ICT more readily accessible.

The DFI is a program whose implementation is based on the partnerships created among its members (public and private institutions), which, *inter alia*, take the form of joint efforts and the sharing of experiences, thereby making it possible to achieve results, channeling the resources and proposals that each brings to the table.

NOW, THEREFORE:

Through this document, the two governments wish to strengthen the implementation of Phase II of the DFI to enhance digital opportunities. Both governments intend to use best efforts toward this goal, with a view to:

- Strengthening business innovation and technology through technical assistance to companies and businesspeople through the assistance of volunteers from both countries;
- Promoting and disseminating legal and regulatory reforms to promote ICTs that help foster competition among businesses and promote a favorable climate for investment;
- Strengthening the infrastructure and best practices for the use of existing ICT, with a view to promoting economic development in production and service sectors (e-business) and public sectors (e-government);
- Enhancing the capacity of local entrepreneurs through technical training in the use of ICTs as productivity tools;

- Promoting the application and dissemination of ICT in development programs in areas such as health, education and agriculture, as core elements of sustainable economic development, especially in disadvantaged sectors;
- Encouraging the active participation of women entrepreneurs with a view to incorporating ICT in the development of the market.

With these objectives in mind, the two governments seek to enlist entrepreneurs as strategic partners in the DFI, since this will promote opportunities for investment and financing.

Finally, through the DFI, the two governments intend to integrate all of their different activities with respect to ICT, and thus strengthen the work presently under way.

Set out in the attached annexes are specific ongoing DFI activities.

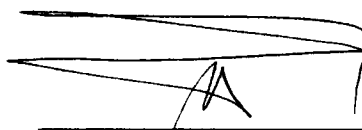
The two governments hereby sign this Memorandum of Understanding to strengthen Phase II of the United States-Peru Digital Freedom Initiative (DFI), in duplicate, in the Spanish and English languages.

**For the Government of the
United States of America**



J. Curtis Struble
Ambassador of the United States

For the Government of Peru



David Lemor Bezdin
Minister of Production

Fecha: 08 de noviembre de 2005

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ANNEX 1**Initial Activities**

This annex describes the initial activities to be carried out for the launch of DFI Phase II in Peru.

1. The two governments agree to participate in a working group, consisting of nine members, two of whom will represent the Government of Peru, two of whom will represent the Embassy of the United States and five of whom should be private sector representatives with ICT experience.
2. The working group intends to meet at least once each month to coordinate and follow up on the activities agreed upon.
3. The working group intends to hold meetings with the Peru-American Chamber of Commerce (AmCham) representatives for the purpose of getting additional U.S. companies to support the DFI.
4. The Government of Peru, the United States Embassy, and AmCham intend to pursue activities to publicize the DFI, which will begin with the official launching of Phase II of the DFI in Peru in November 2005.
5. Inasmuch as the United States Government's DFI Partners (i.e., Peace Corps, Aid To Artisans, Voxiva Peru, and the Consortium of Private Organizations to Promote the Development of Small and Micro Enterprises), and other AID partners (COPEME) are currently implementing activities in their particular areas of expertise under DFI objectives, the two governments support

disseminating these activities among them and other potentially interested parties, thereby generating future DFI partnerships and activities.

Examples of specific DFI projects implemented in Peru for dissemination/promotion, based on work by United States Government DFI

Partners:

- Implementation of Microtelco (Last Mile Initiative – LMI) project, managed and implemented by VOXIVA in the city of Jauja (inauguration in October 2005), with the participation of young DFI volunteers.
- Donation of state-of-the-art equipment to the Pontifical Catholic University of Peru (PUCP) by U.S. company T-Tech through its partnership with the DFI.
- Proposals financed by COPEME through the Fund for Business Coordination [*Fondo de Iniciativas de Articulación Comercial* – FIAC] linked to DFI objectives in ten priority areas of Peru.
- DFI Volunteer Program in Peru (young people work with Small and Medium Enterprises to facilitate the use of information technologies).
- Testimonials from members of the community regarding Peace Corps volunteer experiences in different areas of the country.
- Technology-based workshops/products developed by Aid To Artisans.
- E-Commerce course taught by the U.S. Embassy throughout Peru.

**Examples of specific projects implemented in Peru for dissemination/promotion,
based on work by the Government of Peru:**

Activities Implemented by the Office of the President of the Council of Ministers:

- Elaboration of the Plan for the Development of the Information Society in Peru – the Peruvian Digital Initiative - In 2005, presents policies, strategies, actions and goals that should be prompted for all sectors of the country to generate an Information Society in Peru.
- The Office of Electronic Government is implementing and devising a series of projects among which include: the citizen's website service, Website for Departments, Websites for Municipalities, Wiñay, Implementation of free software, Gray Computing, Website for the Government of Peru, PKI Design and training of ICTs.
- OSIPTEL - Rural Sector Broadband Service Project for the unfolding of Internet access and phone system IP services in 3,010 rural localities of the interior of the adjoining country to cities of the country that already they have the service of broadband. The project, which has been approved by the Ministry of Transport and Communications, will directly benefit more than two million people that currently lack access to the public phone system, Internet or residential phone system.

Activities Implemented by the Ministry of Transport and Communications:

- Provision of Internet in rural zones.

- Improvement of regulations that foment rural communications (establishing the new Telecommunications Law.)
- Project for Rural Establishments for Information Technology and Communications (ERTIC), that is being executed by INCITEL. The project includes the installation of a network of Rural ICT Establishments to incorporate the upper Andes communities of the Huancavelica Region into the information society. As the first achievement of this project, the websites of the 10 districts comprising the project are already available.

Activities Implemented by the Ministry of Labor and Job Promotion:

- The Commission for the Promotion of Micro and Small Enterprises (PROMPYME) and the Minister of Labor have launched the virtual catalog, www.mypeplaza.com. Additionally, PROMPYME promotes its business website as a fundamental tool of its Private Purchases Program, with the objective of facilitating commercial operations in terms of time and money by the free use of its web page as well as the website for government procurement.

Activities Implemented by the Ministry of Production:

- PC Peru Program, which aims to increase digital opportunities by making available computers with bundled software licenses to Peruvians at affordable prices between soles 1,479 and 2,079 (approximately \$455 and \$639).

- Supplier Development Program, which seeks to promote the development of local suppliers that work to connect small and medium enterprises with larger companies in the regions of Arequipa, Junin (Huancayo), La Libertad (Trujillo), Ucayali (Pucallpa) and Lima.
- Met@logo, which seeks to improve the administrative processes on the municipal government level using an information platform. This project is executed with the German Development Cooperation and is financed by the European Commission.